SABB ساب

Business Insight

November 2021

Issue 11. Vol. 7

IN THIS EDITION ...

All economic indicators point to an upward trajectory for the Saudi economy and vast improvement to pre-COVID-19 levels.

The latest International Monetary Fund expects the kingdom's economy to grow by 2.8% this year, and accelerate a further 4.8% in 2022 – the fastest pace in the GCC – as stimulus and diversification efforts take root and lead to a new boom.

The IMF expects the kingdom's non-oil sector to grow by 4.7% in 2021 and 3.6% next year, as the private sector accelerates investments.

The hydrocarbon economy, led by Saudi Arabia's stewardship of oil markets, will expand 0.1% in 2021, before galloping ahead to 6.8% in 2022.

The General Authority for Statistics' third quarter flash estimate of 6.8% GDP growth suggests the kingdom may surpass those forecasts.

With COVID-19 cases in the kingdom receding to below 50 per day, the authorities have done an impressive job of fully vaccinating 63.1% of the population, or more than 24 million people to date, according to Our World In Data.

In addition, new initiatives such as the National Investment Strategy, and efforts to achieve net zero carbon emissions by 2060 should spur fresh investment in several areas including renewable energy, and boost energy efficiency in the country.

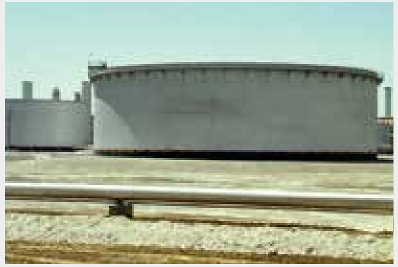
Saudi Arabia has played a central role in maintaining balance in the oil markets, helping to overcome the uncertainties around COVID-19.

While the disease remains a threat, the global economy is expected to expand 5.6% in 2021 – its strongest post-recession pace in 80 years – which suggests energy demand will likely rise over the foreseeable future. These developments place Saudi Arabia in a strong position to benefit from the global economic rebound.

ECONOMIC TRENDS

Higher oil prices, a strengthening non-oil sector, and sound fiscal policies have given the kingdom sufficient buffer to ride out the COVID-19 storm.

Read More...



OIL AND GAS

Crude oil producers have gradually opened the taps as the global economy rebounds and business activities resume.

Read More...

GREEN

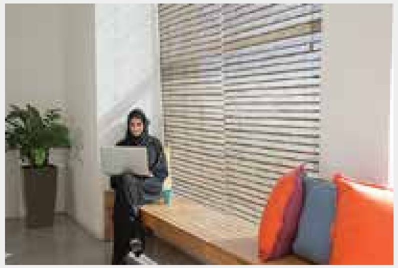
Authorities have launched several multi-billion-dollar initiatives that aim to protect the environment and promote a more sustainable future.

Read More...

PROJECTS

The kingdom is powering ahead and investing into massive smart city and tourism-related developments across the country.

Read More...



SME

Regulatory sandboxes and other initiatives are enabling fintech companies to test their products and provide new financial models to businesses.

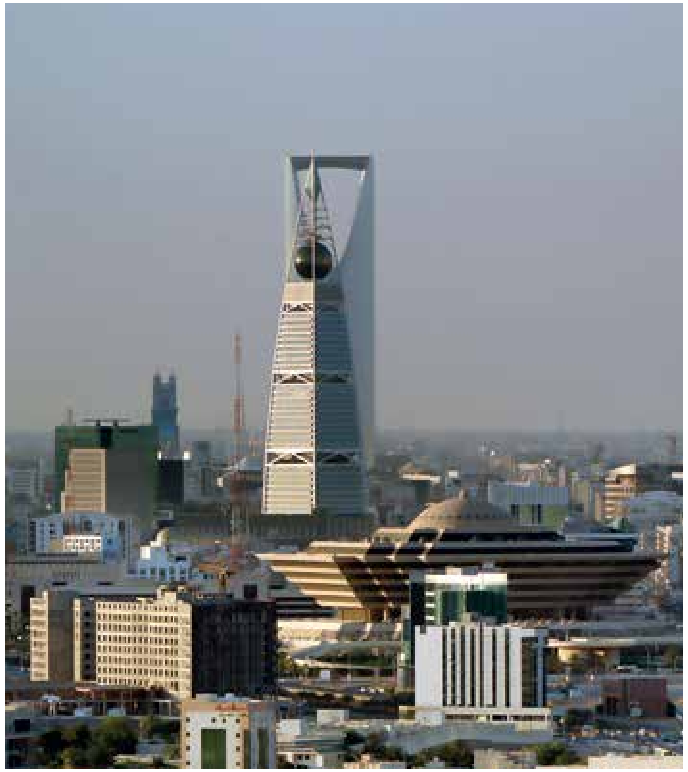
Read More...

TRANSPORT

Authorities are realising the sector's potential not only to modernise supply chain and logistics, but also to increase the tourism industry's appeal.

Read More...

SAUDI'S ROBUST GDP GROWTH ENTICES FOREIGN FIRMS



Saudi Arabia's real GDP expanded an impressive 6.8% in the third quarter of 2021, according to the General Authority for Statistics (GASTAT), as the economy benefitted from government support and projects launched by the public and private sector.

The surge was led by the oil sector, which grew 9% during the period, on the back of rising commodity prices and higher Saudi crude oil production, while non-oil activities increased by 6.2%, and government activities rose by 2.7% year on year.

"Seasonally adjusted quarterly real GDP grew by 5.8% in Q3/2021, compared to the previous quarter (Q2/2021)," GASTAT said. "This increase in GDP was a result of high growth in oil activities by 12.9%. Non-oil activities increased by 1.6%, and government activities recorded a growth of 1.4%."

The latest robust figures come as the economy recovers rapidly from the pandemic and unemployment declines to 11.3%. Indeed, the kingdom's total unemployment rate is 4.2 percentage points lower than in the same period last year, below its pre-COVID-19 level.

"The unemployment rate of total male working age population in Saudi Arabia decreased in the second quarter of 2021 to 3.5%, compared to 3.7% in the first quarter of 2021," GASTAT said. "The unemployment rate of total female working age population reached 17.1% in the second quarter of 2021, compared to 16.1% in the first quarter of 2021."

STABLE OUTLOOK

Moody's Investors Service also affirmed the country's credit rating at A1 and changed its outlook from negative to stable, in a sign of confidence in the kingdom's economic prospects.

"The change of outlook to stable reflects increased likelihood that, in the next several years, the government will reverse most of the 2020 increase in its debt burden, while also preserving its fiscal buffers," the ratings agency noted.

Moody's believes the government's improving track record of fiscal policy effectiveness – as evidenced by policy responses in periods of both low and high oil prices – consistently demonstrates a commitment to fiscal consolidation and longer-term fiscal sustainability.

"The expected fiscal improvement over the next several years will be facilitated by higher oil prices, although the stable outlook also takes into account the expectation that oil prices will remain volatile," Moody's said.

International investors are taking note of the growth acceleration underway in the kingdom.

As many as 44 multinational companies (MNCs) received licenses to move their regional headquarters to Riyadh, according to a Saudi Press Agency report.

"The licenses were issued at the 5th edition of the Future Investment Initiative, attended by the world's most influential leaders in business and government. Among the companies are prestigious multinationals in diverse sectors including technology, F&B, consulting, and construction," the company said. "An initial batch of companies signed MoUs at the last edition of FII in January, with more companies signing up in the following months."

In addition, the National Debt Management Center (NDMC) rolled out its third international issuance this year for sukuk and bonds under the Kingdom's Global Trust Certificate Issuance Programme and the Global Medium-term Note Issuance Programme.

The total order book surpassed USD 11 billion, which was oversubscribed 3.5 times. The kingdom issued a grand total of USD 3.25 billion (equivalent to SAR 12.19 billion) divided into two tranches. The value of the first tranche stood at USD 2 billion (equivalent to SAR 7.5 billion) for a 9.5-year sukuk maturing in 2031, while the second tranche totalled USD 1.25 billion (equivalent to SAR 4.69 billion) for a 30-year bond maturing in 2051.

BUSINESS SENTIMENT IMPROVES

The kingdom's business sentiment also improved at a fast clip, highlighting the strength of the economic recovery, according to the latest purchasing managers' index (PMI) by IHS Markit.

The index reached 57.7 points in October (a score above 50 shows positive sentiment), the second-highest recorded since the start of the COVID-19 pandemic and above the long-run series average.

"The upturn in demand was widely driven by recovering spending in the domestic economy following the loosening of COVID-19 restrictions, including on travel," IHS said. "New export work increased to the greatest extent since May, as panellists commented on improving global trade flows."

Driven by rising sales, non-oil companies reported a marked expansion in output in October. The rate of growth accelerated from the previous month to the strongest since the end of 2017. This helped firms to keep on top of new work and reduce their backlogs, although the rate of decline in outstanding business eased to the softest since April.

Business sentiment is expected to surge further as new investments pour into the economy.

SABB سـاب

STRONG OIL DEMAND BRINGS BRIGHT FORECAST FOR OIL MARKETS

Crude oil prices have soared nearly 63% by the end of October to reach USD 84.38 per barrel, as the global economy and oil consumption rebound.

The Organization of the Petroleum Countries (OPEC) expects global oil demand to rise by 5.8 million barrels per day (bpd) in 2021, to reach 96.6 million bpd of petroleum products.

Forecast for world oil demand growth in 2022 was unchanged at 4.2 million bpd. As a result, global consumption next year is seen averaging 100.8 million bpd, according to OPEC's latest monthly report.

Still, global oil demand will remain dependent on healthy economic momentum in the main consuming countries, and better COVID-19 management.

"For 2022, the oil demand outlook takes into consideration an increase of 4.2% in economic activity with COVID-19 pandemic-related risks well managed due to higher vaccination rates and better treatment," OPEC noted. "In terms of products, gasoline and diesel are estimated to increase the most, supported by an ongoing recovery in mobility and improving industrial activity."

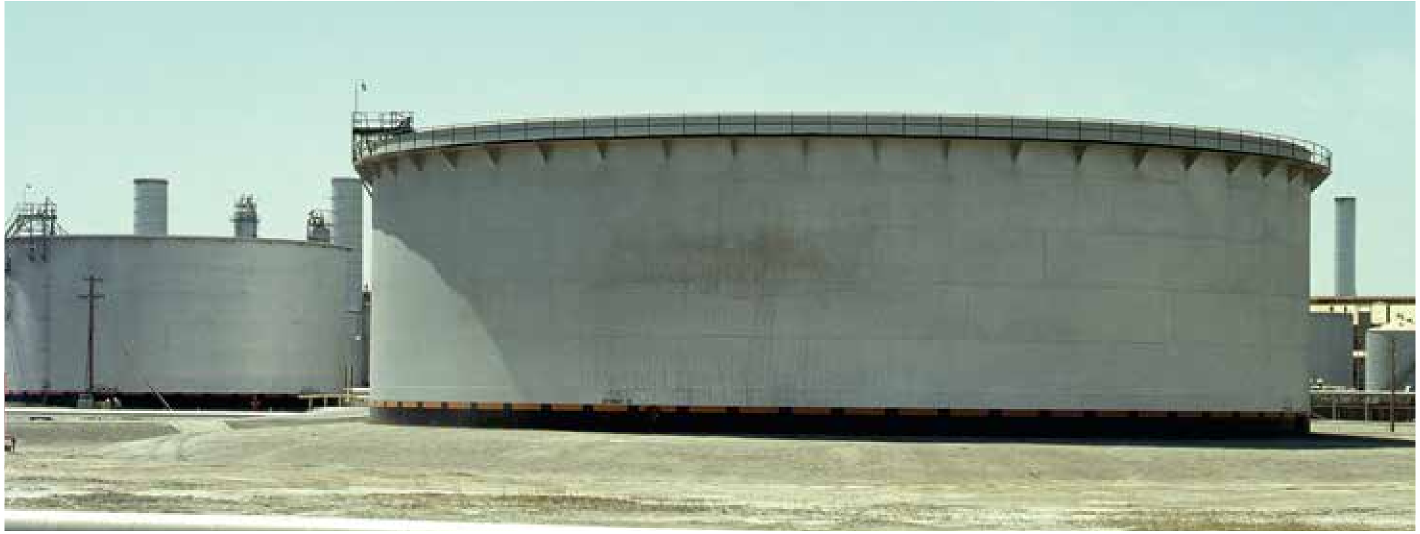
OPEC and its allies have managed to keep oil market stable. Oil production from OPEC and non-OPEC participating countries in the Declaration of Cooperation (DoC) continued to rise following the decision to adjust upward their overall output by 0.4 million bpd on a monthly basis starting August 2021. The recent 21st OPEC and non-OPEC Ministerial Meeting reconfirmed this decision for November 2021.

OPEC's crude oil production stood at 27.3 million bpd by September compared to 26.6 million bpd by July. The steady increase has helped the market maintain equilibrium after tremendous volatility last year. The share of OPEC crude oil in total global production increased slightly to 28.5% in September compared with August in a sign that the group is gaining market share.

While OPEC's current production is higher compared to the 25.65 million bpd average in 2020, it remains well below the 29.3 million bpd seen in the pre-COVID-19 period in 2019.

NEW PROJECTS

Strong oil prices have bolstered the bottomline of Saudi Arabian Oil Company, or Aramco, which posted a 158% year-on-year increase in net



income to USD 30.4 billion and declared a dividend of USD 18.8 billion to be paid in the fourth quarter.

Aramco president and CEO Amin H. Nasser, credited the growth to increased economic activity in key markets and a rebound in energy demand, as well as the company's low-cost position and financial discipline.

"Looking ahead, we are maintaining our strategy to invest for the long term, and we will build on our track record of low-cost and low-carbon intensity performance to advance our recently announced ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across our wholly-owned operated assets by 2050," the CEO said.

Aramco and France's TotalEnergies also launched two service stations as the first rollout of their joint venture to upgrade a network of 270 service stations.

"With our longstanding partner TotalEnergies, we are creating a premium network that will enhance the experience of Saudi Arabia's motorists and travellers," CEO Nasser said. "As the kingdom scales up tourism projects, we can expect domestic travel to increase, along with demand for hospitality and travel services."

Another major Aramco venture underway is with Air Products, ACWA Power and Air Products Qudra, which are collaborating to finance the USD 12 billion air separation unit (ASU)/gasification/power joint venture (JV) in Jazan Economic City.

Aramco, through its subsidiary Saudi Aramco Power Company (SAPCO), has a 20% share in the joint venture, with Air Products owning 46%, while ACWA Power owns a 25% stake, and Air Products Qudra has 9%. Air Products' total ownership rises to 50.6% by owning an additional 4.6% through Air Products Qudra.

"Drawing on the pioneering expertise and capabilities of all joint venture partners, Jazan IGCC is set to be the largest integrated project for gasification and combined cycle energy production in the world," according to Mohammad Abunayyan, chairman of ACWA Power. "Bringing the most advanced technologies to the kingdom, the Jazan project will push the boundaries."

REFINITIV™

THE FUTURE LOOKS GREEN FOR SAUDI'S ECONOMY

As world leaders met in the United Kingdom for the UN Climate Change Conference 2021 (COP26), Saudi Arabia is playing its part to rein in climate change.

In November, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, crown prince and deputy prime minister, who is also chairman of the Supreme Committee for Green Saudi Arabia, rolled out the inaugural edition of the annual forum of the Saudi Green Initiative in Riyadh, focusing on new environmental programmes.

"In a key opening speech at the Saudi Green Initiative Forum, His Royal Highness the Crown Prince announced the launch of the first package of qualitative initiatives in the kingdom, to set a roadmap for protecting the environment and confronting climate change, designed to contribute to achieving the ambitious goals of the Saudi Green Initiative," according to the Saudi Press Agency.

The country has introduced a number of initiatives in the energy sector with the aim to cut carbon emissions by 278 million tonnes annually by 2030, thus voluntarily more than doubling the targeted emissions reduction, the crown prince said.

The kingdom has also set a target of planting 450 million trees in the first phase of afforestation, rehabilitating eight million hectares of degraded lands, and allocating new protected areas, with the goal to designate more than 20% of its total land as protected areas.

Another key initiative is to transform Riyadh into one of the most sustainable cities in the world.

NEW ENERGY ALLIANCES

The International Union for Conservation of Nature, one of the world's largest organisations of conservation scientists, estimates protecting 30% of the world's oceans by 2030 will keep the ecosystems healthy. Saudi Arabia recognises this important initiative and is planning to join the Global Oceans Alliance, according to the crown prince.

In addition, the kingdom is keen to be part of the Alliance to Eliminate Plastic Wastes in Oceans and Beaches, and the Sports for Climate Action Agreement. It is also looking to establish a global centre for sustainable tourism, and a non-profit foundation to explore the seas and oceans.

All told, the first package of initiatives represents an investment worth more than SAR 700 billion, which will boost the green economy, create job opportunities, and provide significant investment opportunities for the private sector in line with the kingdom's Vision 2030.

In October, Prince Abdulaziz bin Salman bin Abdulaziz, minister of energy, said that the kingdom's goal is to reach net zero carbon emissions by 2060, "taking into account that this will not have an adverse financial or economic impact on oil exporters."

Saudi also launched a national programme for the circular carbon economy. The initiatives will ensure that by 2030, the country will emerge as a model for energy production, with gas and renewable energy accounting for 50% each of the total energy source.

METHANE PLEDGE

Another major initiative was to join the Global Methane Pledge, which aims to reduce methane emissions globally by 30% compared to the level of emissions in 2020, according to the Saudi energy minister.

In a bid to improve energy efficiency, authorities are also rolling out smart metres. Around 127,000 smart metre units are installed per day, with the entire project expected to be completed within two months.

"We, in the kingdom, are proud that we have a record of achievements in terms of reducing costs and producing energy, and we look forward to greater records because the kingdom's ecosystem, which is being developed to adopt more investments and innovations allows stronger competition and improves the goal and benefits for all," the minister said.

Over the past decade, the kingdom has embarked on a number of energy efficiency programmes, which have helped reduce its carbon emissions by 48 million tonnes annually. Authorities are targeting additional emissions reduction of about nine million tonnes by focusing on three sectors: industry, transportation, and construction as they represent 90% of the kingdom's energy consumption.

Saudi's recent announcements are built on its work during its G20 presidency last year where it consolidated its leading role towards common international issues pertaining to the planet's protection.

The kingdom's efforts during its G20 presidency resulted in the adoption of a special declaration on the environment to ensure a sustainable future, which limits environmental degradation, preserves biodiversity, promotes sustainable use and repair of natural resources, preserves the oceans, promotes clean air and water, and tackles natural disasters, extreme weather events, and climate change.

REFINITIV

SAUDI STEPS UP INVESTMENT IN GIGA-PROJECTS

Some of Saudi Arabia's biggest projects are in the midst of rapid construction.

In October, NEOM, the USD 500-billion giga-project backed by Public Investment Fund (PIF), recently held a meeting with 150 representatives of local and international design and construction companies.

"NEOM is interested in the future of design and construction, and presents a positive image of how projects should be, especially since the size of the project requires strong partnerships between NEOM and the entire global industrial chain to translate the vision of NEOM on the ground," NEOM CEO Nadhmi Al-Nasr told delegates.

Launched in 2017, the smart city development is spearheaded by the PIF, the kingdom's sovereign wealth fund, but also features a variety of local and international investors to develop its several phases.

STRATEGIC LOCATION

Located in the strategically important region of Saudi, NEOM straddles the Middle East and Africa, and is at the crossroads of Asia and Europe. It will be spread over an area of 26,500 square kilometres, slightly smaller than the land area of Belgium.

Its location on the Gulf of Aqaba will ensure that residents enjoy an uninterrupted coastline stretching over 468 kilometres, with a dramatic mountain backdrop rising to 2,500 metres to the east.

The site will also become the gateway to the King Salman Bridge, connecting Asia and Africa, further elevating the economic zone's significance.

More importantly, the project aims to be sustainable and among the most digitally connected city in the world.

In October, NEOM Tech & Digital Holding Company, the first holding company to be established as a subsidiary of NEOM, and OneWeb, the global communications network powered from space, have signed a USD 200 million (SAR 750 million) joint venture deal to bring high-speed satellite connectivity to NEOM, Saudi Arabia, and the wider Middle East and East African countries.

The partnership will use connections to sub-sea and terrestrial communications cables, the construction of 5G and fibre networks, and now LEO satellites to secure access to tens of terabytes of scalable capacity for both urban and rural businesses and communities in NEOM by 2030.

RED SEA'S HOTEL ROOM BOOM

Meanwhile, The Red Sea Development Company (TRSDC), which is developing a tourist destination on the west coast of Saudi Arabia, has signed nine agreements with international hotel brands to operate resorts in the first phase of the project.

These include Edition Hotels and St Regis Hotels and Resorts, part of Marriott International; Fairmont Hotel and Resorts, Raffles Hotels and Resorts, and SLS Hotels and Residences, part of global hospitality group Accor; Grand Hyatt, part of Hyatt Hotels Corporation; Intercontinental Hotels and Resorts and Six Senses, part of IHG Hotels and Resorts; and Jumeirah Hotels and Resorts, a global luxury hospitality company.

The project's first phase is expected to be completed by the end of 2023, and will include around 16 hotels featuring 3,000 rooms across five islands and two inland sites. The company is expected to announce partnerships with more international hotel brands in the coming months.

"Hospitality is the anchor of The Red Sea Project. We are determined to create a world-class luxury destination and the hotel brands we partner with play a crucial role in delivering on this ambition," said Jay Rosen, chief financial officer at TRSDC. "Our partnerships are cemented through a collaborative framework that emphasise synchronicity between all brands. In doing so, we aim to create more value and maximise destination success, empowering stakeholders to benefit from shared best practices and economies of scale."

MORE TOURISM PROJECTS

Amaala, a leisure development located along the kingdom's northwestern coast, is also making progress. Earlier this year, the company behind the project signed a memorandum of understanding with the Saudi Contractors Authority (SCA), a government subsidiary of the Ministry of Municipal and Rural Affairs, to co-operate in a number of areas including allowing access to an online "Project Participation Platform," which allows Amaala to share projects in its pipeline with members of the SCA and receive information of qualified and interested parties intending to bid.

The company has already awarded several construction contracts to a Saudi companies including Al-Tamimi Group, HASCO, and Saudi Real Estate (Binyah). Work is well underway on-site to enable infrastructure and groundwork required to develop the destination.

Qiddiya, a major tourist and leisure development emerging near Riyadh is also working on a number of projects including the Six Flags Qiddiya theme park, featuring the world's tallest roller coaster when it is finally built.

The project will feature stadiums, festival grounds, and golf courses, and is poised to become a premier regional retail and cultural destination.

In October, the PIF also announced 'The Rig' project on the Arabian Gulf, inspired by offshore oil platforms. The tourism project will be the world's first tourism destination on offshore platforms and spread over an area of more than 150,000 square meters. It will provide a multitude of hospitality offerings, adventures, and aquatic sporting experiences.

According to PIF, The Rig will have a number of touristic attractions, including three hotels, world-class restaurants, helipads, and a range of adventurous activities, including extreme sports.

SABB ساب

SAUDI MAKES CROWDFUNDING MORE ACCESSIBLE TO SMES

Saudi Arabia's small and medium enterprises (SMEs) have raised an impressive SAR 100 million year-to-date through crowdfunding, according to Mohammed Al-Quwaiz, Capital Market Authority (CMA) president at the General Authority for Small and Medium Enterprises (Monsha'at).

"I saw a number of colleagues working on some crowdfunding platforms," Al-Quwaiz said. "This platform has become an important tool for financing companies specifically based on property rights or shares that are more compatible with the nature of entrepreneurial projects or debt instruments in a later period."

Earlier this year, the Saudi Central Bank (SAMA) issued rules for debt-based crowdfunding, in a bid to regulate the licensing and activities of platforms that provide this type of service.

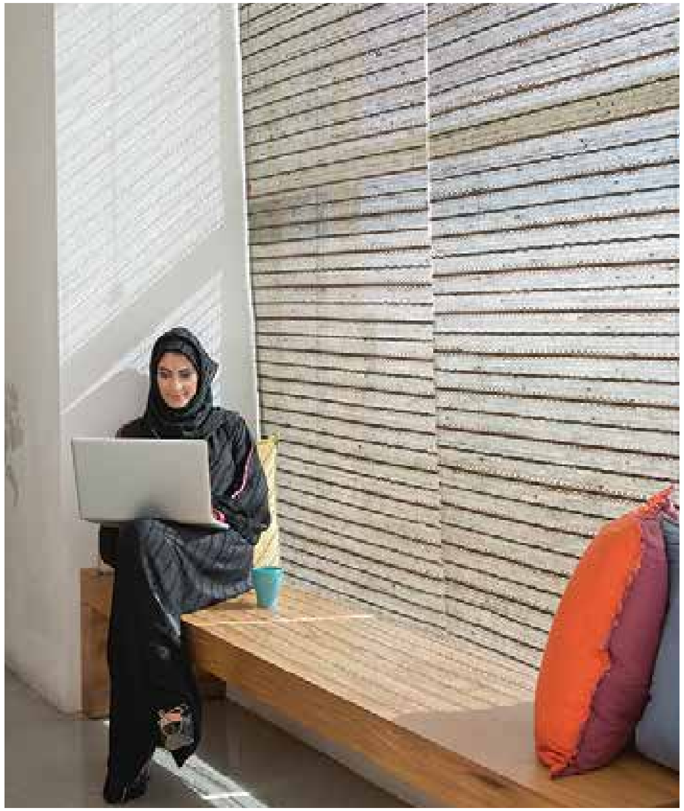
By introducing these rules, the central bank said it was looking to achieve a number of goals, including attracting a new segment of investors, companies, and SME owners to work under its supervision in a manner that ensures the efficiency of these companies by adhering to the requirements of information security, corporate governance, internal regulation, attribution, risk and compliance management, and internal auditing. It also aims to encourage the development of innovative products, and SME financing tools.

SAMA has set the minimum paid-up capital for crowd funding companies to SAR 5 million, with authorities reserving the right to raise or reduce the minimum capital according to market conditions, the bank said.

"...The draft rules for practicing debt crowdfunding activity had been published earlier to collect public opinions and interested individuals, in order to enhance the principle of transparency and participation," the bank noted. All the essential observations and views received were taken into consideration before being finalised."

In October, SAMA had a public consultation on updated rules for practicing debt crowdfunding activities.

"The issuance of these rules comes in continuation of SAMA's efforts to develop the financial sector and to keep abreast with developments of technology within the financing industry," SAMA stated. "In addition, supporting and enabling financial technology, has led to the emergence of a number of fintech companies, and to the development of technology within financing activity."



CROWDFUNDING PLATFORMS

There are a number of fintech companies licensed to engage as crowdfunding platforms under SAMA's regulatory sandbox.

The regulatory sandbox is a process that acts as a 'safe space' in which financial services firms are given facilities to test new digital solutions under a set of conditions and limitations designed to protect consumers, but without being immediately required to comply with all the normal regulatory obligations resulting from engaging in that activity.

These platform provides financiers (investors) and borrowers (start-ups, SMEs) opportunities to invest and obtain financing.

Here are some of the crowdfunding platforms operating in the kingdom:

Manafa Capital, which is authorised by SAMA, aims to provide Shariah-compliant commercial transactions in all types of contracts, agreements and commercial relations. In pursuing this, an independent internal Shariah committee has been established to enhance the role of Islamic governance.

Ta3meed Financing is a purchase orders (PO) financing platform, which provides financing based on government-backed PO. It connects small and mid-market businesses seeking fast peer-to-peer financing with investors who are looking for superior returns.

Nayifat Finance Company offers SME finance, consumer finance, and credit cards. It floated 35% of its shares in an initial public offering in November on the Tadawul index, which was oversubscribed 136 times.

Lendo is a Shariah-compliant marketplace that connects SMEs needing immediate cash boost with investors looking for short-term investment opportunities. Any Saudi or resident over the age of 18, with a local bank account can invest on the platform.

Raqamyah Platform finances small- and medium-sized businesses, helping them to expand their operations, purchase equipment, increase inventories, or refurbish their premises.

Forus, another fintech licensed under SAMA's regulatory sandbox, has developed a marketplace aimed at providing investors with diversified alternative options to invest, while SME businesses are empowered with an opportunity to grow and scale up.

Sahlah Finance Company, helps finance small and medium-sized emerging projects, bringing together investors and project owners by providing cash liquidity, helping establishments achieve their commercial goals, and create successful investment.

REFINITIV™

FULL STEAM AHEAD FOR SAUDI PORTS INVESTMENT

Saudi Ports Authority (Mawani) and Maersk Saudi, a unit of global ports giant Maersk, are developing an integrated logistics park at the Jeddah Islamic Port.

Spanning an area of 205,000 square metres, Maersk's Integrated Logistics Park will provide shippers with an extensive infrastructure for warehousing and distribution, cold storage, and e-commerce. It will also serve as a hub for transshipment cargo, petrochemical consolidation, and air freight.

"We are building an innovative, digital and technologically advanced logistics infrastructure on the foundations of our strong network of global shipping and logistics services to create value for customers in the region," said Richard Morgan, managing director, Maersk West and Central Asia. "Our ambition is not only to connect and simplify our customers' supply chains, but also be a catalyst in the growth of trade and economies through our customer-centric solutions."

The project is part of Jeddah Islamic Port's strategy to become one of the Top 10 ports globally by 2030, according to Omar bin Talal Hariri, president of Mawani.

"Mawani's new strategy enables the authority to continue developing a sustainable and prosperous maritime transport ecosystem that supports the kingdom's social and economic ambitions and contributes to achieving the ambitious goals of Vision 2030," the Mawani president said.

Around 70% of the area will be allocated for the bonded and non-bonded warehousing and distribution (W&D) facility, while the remainder will be for transshipment, air freight, and cargo facilities.

"The W&D facility will feature several different sections to accommodate general warehousing (food and beverages, furniture, automobiles, chemicals, textile and apparel, machinery, appliances and electronics) and cold chain storage (fruits and vegetables, protein, and confectionary and consumables)," the companies said.

The facility will also cater to the rapid growth of online commerce in the kingdom, and serve as a dedicated e-commerce fulfilment centre.

Overall, the integrated park will have the capacity to handle 200,000 TEUs annually.

SHIPPING HUB

Mawani is also in talks with a number of other shippers to expand Saudi ports' service offerings.

In recent months, Mawani's Hariri has held meetings with top 15 national and global shipping lines to explore the latest developments in the maritime transport sector, shape strategic plans for the growth of the country's seaports, boost operational processes, and promote the ports' services.

These shipping lines include Bahri, Cruise Saudi, Hapag-Lloyd, Maersk, CMA-CGM, Evergreen Marine, Ocean Network Express (ONE), COSCO Shipping Lines, Pacific International Lines (PIL), Yang Ming Marine Transport Corporation, Hyundai Merchant Marine (HMM), Mediterranean Shipping Company (MSC), Orient Overseas Container Line (OOCL), Wan Hai Lines, and Nippon Yūsen Kabushiki Kaisha (NYK Line).

As part of the National Transport and Logistics Strategy, the kingdom is looking to attract SAR 550 billion (USD 150 billion) of investment in the transport and logistics sector, with the government providing 35% of the funding, and the rest being financed by the private sector.

The kingdom has set an annual capacity target of over 40 million containers, including the associated value chain investments. It also aims to develop port infrastructure, enhance integration with logistics zones, expand connectivity with international shipping routes, and integrate these with all rail and road networks.

ATTRACTING PASSENGER CRUISE TRAFFIC

The maritime industry extends beyond commercial ports to the fast emerging leisure and recreational industry.

In November, Mawani signed an agreement with Cruise Saudi and Globe Group to build a new cruise terminal at King Abdulaziz Port in Dammam, in addition to developing four berths at King Abdulaziz Port in Dammam and Yanbu Commercial Port.

The new terminal will expand the country's cruise traffic along the coastlines of the Arabian Gulf and the Red Sea, and add another dimension to the country's burgeoning tourism infrastructure.

"This agreement further elevates Saudi Arabia's position as a leader in the cruise industry and enhances the visitor experience for guests in the kingdom," Mawani president Hariri said.

"We will continue to work together with our partners to develop a sustainable, thriving marine transport ecosystem that contributes to the competitiveness of Saudi Arabia's ports, supports the kingdom's socio-economic aspirations, and helps to achieve the ambitions of Vision 2030."

Earlier this year, Mawani and Cruise Saudi opened the first cruise terminal at Jeddah Islamic Port, with MSC Bellissima setting sail on its maiden voyage to regional destinations at the end of July.

The cruise initiative dovetails with the kingdom's major west coast projects along the coastline, such as NEOM and The Red Sea Development.

REFINITIV™

DISCLAIMER

SABB ساب

PLEASE READ CAREFULLY THE FOLLOWING TERMS AND CONDITIONS OF ACCESS AND USING THIS PUBLICATION:

Your access to this publication shall be considered an acceptance to these terms and conditions and it is SABB's right at any time to modify, amend, delete or add contents to the publication and disclaimer. A notification to this effect shall be effective immediately and will constitute an acceptance from your end. It is SABB-to the best of its knowledge- belief that the information in this publication is accurate and true but without any responsibility on SABB and no warranty for any presentation or acceptance or responsibility of what so ever nature whether for damages or loss will be the liability of SABB.

The publication is for information use only, and is not to initiate or complete transactions.

SABB does not guarantee the accuracy of such information and the contents of the publication and will not be considered solicitation or offers pertaining to any transactions, investment, or securities.

The content of the publication shall not be considered as legal advice, tax advice, accounting advice, or investment advice.

The publication is not intended for use or distribution in countries where such use is prohibited or against the law or regulation.

SABB directors, employees, officers, suppliers, representatives, agents, successors, assignees, shall not be liable directly or indirectly to you or any other person for any errors, omissions, or inaccuracies from the publication.

SABB or its directors, officers, employees shall under no circumstances be held liable for direct or indirect damages arising from the use of the publication.
You should independently check the accuracy of the information provided in the publication by obtaining consultation and professional advice from professionals or experts.

All proprietary and copyrights rights are reserved, and you agree that you shall not make any copy or make any use of the content of the publication unless permitted by SABB in writing.

You also acknowledge that you shall not use the intellectual property rights, or names of the individuals or contributors for any purpose and that the publication will be used only for non-commercial use.

You acknowledge that you shall not use any of the trade names, logos, copyrights, trademarks, trade secrets, nor distribute any information except otherwise provided and agreed by SABB.

You agree to indemnify SABB and hold its directors, officers, employees, and agents harmless against any claims arising or in connection with its publication for any unauthorized use of the data or breach of an acknowledgement or agreement made as a result for receiving such publication.

The content of this publication ("Service") is provided by Refinitiv Limited ("We" or "Us" or "Refinitiv") to be published by the Saudi British Bank ("SABB") exclusively. Neither We nor our affiliates guarantee the accuracy of or endorse the views or opinions given by any third party content provider, advertiser, sponsor or other user. We may link to, reference, or promote websites, applications and/or services from third parties. You agree that we are not responsible for, and do not control such non-Refinitiv websites, applications or services.

The Service is provided for informational purposes only. You understand and agree that the Service does not recommend any security, financial product or instrument, nor does mention of a particular security on the Service constitute a recommendation for you to buy, sell, or hold that or any other security, financial product or investment. The Service does not provide tax, legal or investment advice or opinion regarding the suitability, value or profitability of any particular security, portfolio or investment strategy. Neither We nor our affiliates shall be liable for any errors, inaccuracies or delays in the Service or any other content, or for any actions taken by you in reliance thereon. You expressly agree that your use of the Service and its content is at your sole risk.

YOU AGREE THAT YOUR ACCESS TO AND USE OF THE SERVICE AND ANY CONTENT, COMPONENT OR FEATURE AVAILABLE THROUGH THE SERVICE IS ON AN "AS IS" AND "AS AVAILABLE" BASIS. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, WE EXPRESSLY DISCLAIM ANY REPRESENTATION OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY REPRESENTATIONS OR WARRANTIES OF PERFORMANCE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, RELIABILITY AND NON-INFRINGEMENT. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, WE AND OUR AFFILIATES DISCLAIM ALL RESPONSIBILITY FOR ANY LOSS, INJURY CLAIM, LIABILITY, OR DAMAGE OF ANY KIND RESULTING FROM OR RELATED TO ACCESS, USE OR THE UNAVAILBILITY OF THE SERVICE (OR ANY PART THEREOF).

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, REFINITIV, ITS PARENT COMPANY, ITS SUBSIDIARIES, ITS AFFILIATES AND THEIR RESPECTIVE SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ADVERTISERS, CONTENT PROVIDERS AND LICENSORS (COLLECTIVELY, THE "REFINITIV PARTIES") WILL NOT BE LIABLE (JOINTLY OR SEVERALLY) TO YOU FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, SPECIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION, LOST PROFITS, LOST SAVINGS AND LOST REVENUES, WHETHER IN NEGLIGENCE, TORT, CONTRACT OR ANY OTHER THEORY OF LIABILITY, EVEN IF THE REFINITV PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OR COULD HAVE FORESEEN ANY SUCH DAMAGES.

The Saudi British Bank, a public listed company, paid capital of SAR 20,547,945,220, commercial registration certificate (1010025779), P.O. Box 9084 Riyadh 11413, Kingdom of Saudi Arabia, Tel. +966 11 4050677, www.sabb.com, licensed by the Council of Ministers Resolution (17/3818) dated 09/07/1938H, and regulated by Saudi Central Bank.

REFINITIV™